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United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

RECEIVED

DEC 17 2001

DIVISION OF
OIL, GAS AND MINING

In Reply Refer To:
3425
UTU-78562
(UT-924)

DEC 17 2001

Mr. Lowell Braxton, Director
Division of Oil, Gas and Mining
P. O. Box 145801
Salt Lake City, Utah 84114-5801

James
C/007/041

Dear Mr. Braxton:

A competitive coal lease sale was held by this office on December 12, 2001. ANDALEX Resources, Inc. (50%) and Intermountain Power Agency (50%) were declared the high qualified bidder for the Whitmore Canyon Tract, assigned serial number UTU-78562, described as follows:

T. 13 S., R. 13 E., SLM, UT
Sec. 35, S2SW, SE.

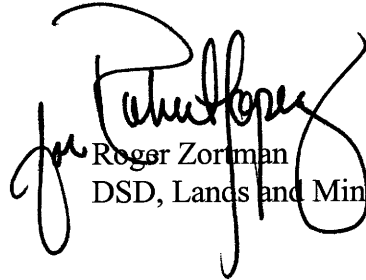
T. 14 S., R. 13 E., SLM, UT
Sec. 1, lots 2-7, SWNE, S2NW, SW, W2SE;
Sec. 12, lots 1-4, S2N2, NESW, SE;
Sec. 13, NENE.

T. 14 S., R. 14 E., SLM, UT
Sec. 6, lot 6;
Sec. 7, lots 3 and 4;
Sec. 18, lot 1, E2NW.

Containing 1,646.34 acres in Carbon County

Enclosed is a copy of the minutes of the sale. The bid of \$11,459,900 was accepted by our Acting State Director on December 12, 2001.

Sincerely,



Roger Zortman
DSD, Lands and Minerals

Enclosures:

1. Minutes of Sale (2 pp)
2. Acting State Director's Concurrence (2 pp)

Minutes of Lease By Application
Coal Sale
Utah State Office

The Whitmore Canyon Tract

December 12, 2001

A coal lease sale was held at 1:00 p.m., December 12, 2001, pursuant to a notice posted November 6, 2001, and was conducted under the authority of Section 2(a)(1) of the Mineral Leasing Act of 1920, as amended.

The sale included one tract, The Whitmore Canyon Tract, which conformed to the Lease By Application sale criteria set forth in 43 CFR 3425.1-5, and was found to be environmentally suitable for leasing, potentially economic for coal production, and consistent with local or regional, social and economic needs. The tract contains 1,646.34 acres located approximately 4 miles northwest of East Carbon City, Utah in Carbon County.

The sale was conducted by Chris Merritt, of the Minerals Adjudication Group. A list of attendees is attached.

The coal resources were offered for lease by sealed bid. One sealed bid was received on the tract. A summary is shown below:

UTU-78562

Acres: 1,646.34

Coal Quality:

BTU/lb.:	13,256
Percent Moisture:	4.70
Percent Sulphur:	1.26
Percent Ash:	5.60
Percent Fixed Carbon:	45.98
Percent Volatile Matter:	36.87

Minimum Acceptable Bid:	Per Acre	\$100.00
	Total	\$164,634.00

High Bidder: ANDALEX Resources, Inc./Intermountain
Power Agency

Total Bid:	\$11,459,900
Per Acre Bid:	\$6,960.8343
Total Submitted With Bid:	\$2,291,980
Per Ton Bid:	\$.774

The coal sale was declared closed at 1:08 p.m.



United States Department of the Interior

**BUREAU OF LAND MANAGEMENT
UTAH STATE OFFICE
324 SOUTH STATE, SUITE 301
SALT LAKE CITY, UTAH 84111-2303**

COAL SALE ROSTER

WHITMORE CANYON TRACT

DECEMBER 12, 2001

1:42 p.m.

Name

Address

Representing

Christopher J. Marshall

324 S. STATE, 32C, UT

BLM/STATE OFFICE

John Blake

675 E. 500 St. Suite 500 841 ~~22~~
SLC

Trust Lands

Ronald W. Daniels

U+DOGM 1544 W.N. Temple ^{8/1/14} SLG

UT OG MÅNEN ^{BRATT}

STAN Perles

324 S. STATE, SLC UT

BLM

DOUG BAUER

324 S. STATE, SLC UT

$$BLM$$

DAVE MASCARENAS

10

2/

Jim Kober

4

11

John Bradshaw

11 + 20

Andy



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Memorandum

To: State Director, Utah

From: Deputy State Director, Lands and Minerals
Chairman of the Coal Sale Panel

Subject: Post-Sale Recommendations Regarding the Competitive Leasing of
Whitmore Canyon Coal Lease Tract, UTU-78562, ANDALEX Resources, Inc. (50%)
Intermountain Power Agency (50%)

The Utah Coal Sale Panel met on Wednesday, December 12, 2001, to consider the competitive coal lease sale for the Whitmore Canyon coal lease tract. The sale for this tract was held at 1:00 p.m. on December 12, 2001, in the Bureau of Land Management Conference Room, 324 South State, Suite 302, Salt Lake City, Utah. The sale panel met after the bid opening at the BLM Office to conduct the Post-Sale analysis. The following were in attendance:

Jim Kohler:	Coal Panel Chairman
Stan Perkes:	Mining Engineer
Doug Bauer:	Geologist
Ron Daniels:	Representative for the State of Utah

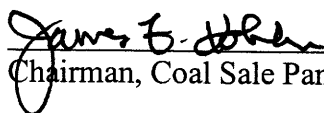
At the sale for the Whitmore Canyon Tract, a single bid was submitted for the tract which was by the applicants, ANDALEX Resources, Inc. (50%) and Intermountain Power Agency (50%). The bid was for \$11,459,000 or \$6,960.8343 per acre. Based on the recoverable coal tonnage determined by BLM of 14.8 million tons, this is \$.774/ton. The bid meets the statutory minimum of \$100 per acre and was announced as the "high bid" for the tract. A copy of the sale minutes are attached to this memorandum.

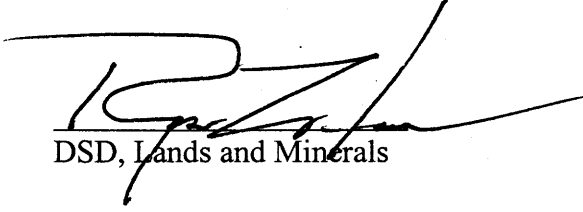
The sale panel deliberations considered the conduct of the sale, the Pre-sale Estimate of Value for the tract by the Utah Evaluation Team, and the bidders qualifications. The panel found the following:

1. The sale was conducted in accordance with BLM regulations in 43 CFR 3422 and BLM Handbook 3420-1.
2. The high bid meets the Pre-Sale Estimate of Value calculated by the BLM and is determined to meet Fair Market Value for the Whitmore Canyon Tract.
3. The qualifications of the bidders are on file. Neither is in violation of 2(a)(2)(A) of the Minerals Leasing Act. Neither holds coal leases in excess of 75,000 acres statewide or 150,000 nationwide.

The Pre-Sale Estimate of Value was based on use of the market approach with significant consideration of the income approach with appropriate adjustment for risk in mining the property.

The Sale Panel unanimously recommends acceptance of the bid on December 12, 2001, as having met the BLM Pre-Sale Estimate of Value and Fair Market Value of the Whitmore Canyon Tract.


Chairman, Coal Sale Panel


DSD, Lands and Minerals

I CONCUR:


Acting State Director, Utah

I DO NOT CONCUR:

Acting State Director, Utah